

Fragmented Governance – How Multilateralism Can Be Saved

Peter Whiteneck

American University School of International Service

M.A. Expected: May 2020

When UN Secretary-General Antonio Guterres [proclaimed](#) that the world was suffering from a bad case of “trust deficit disorder,” many optimistically hoped it had reached its climax. Yet eighteen months later, few would contest this deficit persists. Trade tensions and abiding populism are consequences of increasing multipolarity and a backlash to globalization which has fragmented the post-war ideal of liberal global governance.

Zero-sum mentalities have become commonplace as international competition [rises](#), multilateral institutions are increasingly [strained](#), and citizens are [angrier](#) than ever. However, it is only by identifying these issues that their solutions become evident. Multilateralism can overcome seemingly insuperable challenges by increasing “skin in the game” for emerging markets, seeking common ground on cross-national challenges, and modernizing multilateral institutions.

Regional development banks like the European Bank for Reconstruction and Development, Asian Development Bank, and African Development Bank, amongst others, have decentralized development assistance and injected an element of competition. World Bank President David Malpass recently [chided](#) these banks for exacerbating already-precarious situations in heavily indebted countries by lending without sufficiently examining the consequences. Nonetheless, as byproducts of a multipolar era, coordination with these regional banks will be invaluable to temper these issues and improve development outcomes.

High demand for development projects and funding will consistently outstrip what the Bretton Woods Institutions can supply alone. A surge of capital from emerging markets is welcomed as it not only broadens development possibilities but increases

lender's stakes in global stability. Multilateral institutions should push to increase "skin in the game" by updating voting shares and diversifying funding sources proportionately to emerging markets. While this implies reductions to some historically influential countries, it would be a net positive for multilateralism if these countries expanded their roles in global governance endeavors.

Second, seeking common ground on cross-national challenges like global public health, climate change, and inequality within and between countries can deepen ties to open coordination in other areas. The coronavirus pandemic is a drastic lesson that simultaneously highlights global interdependencies while revealing deep fractures in multilateral cooperation. Further, the outbreak's origins in China demonstrates how national politics do not stay local in a globalized world. But it has also shown that coordination is possible in the face of a common enemy, as U.S. [offers](#) of humanitarian aid to Iran are an example of. National governments should embrace an ethos of transparency while multilateral institutions should continue to provide rapid funding and technical assistance to deeply-impacted and ill-equipped countries.

Additionally, climate change has galvanized younger generations to become more politically-oriented and feelings of economic injustice have reinforced populism on both sides of the aisle, with multilateralism an oft-maligned scapegoat. Increasing collaboration on sustainability-related innovations, utilizing "common enemy" frames, and channeling institutional resources and expending political capital into updating the WTO framework could generate momentum on these issues.

Lastly, international intellectual property, international tax havens, and digital taxes are a few examples of contentious areas where multilateral coordination and/or

existing international law could be modernized. Ensuring multilateral institutions play an integral role in updating rules of the game could allay some of the major concerns fragmenting globalization. But the dilemma is *how* to carry out these changes, absent a crisis, in an era of fragmented multilateral governance and iterative reform. Finding the right home for each of these issues within multilateral governance, whether through universalist or regional institutions, is paramount. Ultimately, this requires strong leadership and commitment, which will require global efforts to raise political salience, voter prioritization, and proper incentive structures.

Multilateralism broadly and the institutions designed to facilitate it are under attack like never before. While multilateral institutions are underappreciated for their role in global development and crisis mitigation, these attacks could be a bellwether that change is warranted. Deepening trade rifts and populism, along with the current coronavirus pandemic, are resolved through *increasing* global coordination and [diversifying](#) supply chains, not through isolationism or protectionism.

Multilateral institutions should aspire to reflect the countries they serve and tackle urgent challenges like climate change, inequality, and a global economy predominated by sectors that are increasingly less bound by national borders. Multilateral institutions have successfully weathered major shocks throughout their history and, in conjunction with regional powers, can make the global fragmentation of today an issue of yesterday with courageous leadership and adaptation that effectively confronts its causes.